

matter on May 9, 2005. TWS filed the Pre-filed Direct Testimony of Charles Pickney, Jr. on May 25, 2005.

Legal Standard for Granting Certificate of Public Convenience and Necessity

No public utility is permitted to begin construction or operation of a new utility facility or service before obtaining approval of the Authority. The procedure for obtaining a CCN evidencing such approval is set forth in Tenn. Code Ann. § 65-4-201(a), which states as follows:

(a) No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the authority, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate

The *Petition*

On May 9, 2005, TWS filed the *Petition* requesting that its service area be expanded to include a portion of Grainger County, Tennessee known as the German Creek Marina and Resort. TWS attached several letters to its *Petition* in support of its request to expand its service area. TWS attached a letter from the developer expressing its desire that TWS provide service to the property. TWS attached letters from each of the other potential wastewater service providers stating that none of the potential providers currently serve the area. The letters also indicate that none of the other potential wastewater service providers intend to extend wastewater service to German Creek Marina and Resort.²

² See *Petition* (unnumbered attachments) (May 9, 2005) Letter from John Mashburn, Cherokee Lake Development, LLC (April 19, 2005), Letter from Paul Q. Merritt, County Mayor, Grainger County, Tennessee (April 4, 2005), Letter from Teresa Perrin, General Manager, Bean Station Utility District to Michael Hines, Vice President, Tennessee Wastewater Systems, Inc. (April 7, 2005), Letter from Rick Brewer, Mayor, City of Bean Station, Tennessee, to Michael Hines, Vice President, Tennessee Wastewater Systems, Inc. (April 15, 2005)

Rate Schedules

The Company also attached rate schedules listing the Company's commercial sewer rates (with and without food service), a listing of the estimated system costs and revenues for five years, a billing summary for the Company's residential customers, a listing of the Company's sewer systems with commercial customers and a service area map showing the proposed location of German Creek Marina and Resort.³

The monthly commercial rate, without food service, will be based on the design flow expected from the type of establishment being served. A minimum of seventy-five dollars (\$75.00) per month will be charged for the first 300 gallons per day design flow expected (except off-site⁴ will have a seventy-three dollar (\$73.00) minimum plus pass through costs). For each additional 100 gallons per day of design flow expected, up to 1,000 gallons per day, an additional charge of fifteen dollars (\$15.00) per month per 100 gallons will be applied. For design flows expected over 1,000 gallons per day, up to 3,000 gallons per day, the following monthly charges per 1,000 gallons of daily flow will apply:

<u>Treatment</u>	<u>Drip/Spray Irrigation</u>	<u>Point Discharge</u>	<u>Off Site</u>
Sand-Gravel Filter	\$140.00	\$165.00	N/A
Lagoon	\$116.00	\$140.00	N/A
Off Site	N/A	N/A	Pass- Through Costs+ \$73.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be one hundred sixteen dollars (\$116.00) per 1,000 gallons of daily flow. Additional surcharges will apply when expected design flows are exceeded. For any month that a customer's water meter reading exceeds the expected design flow, the following surcharges will apply:

³*Petition*, (unnumbered attachments) (May 9, 2005)

⁴ Off-site means the treatment and disposal are performed by another entity

Excess water usageSurcharge

1 gallon to 1,000 gallons above expected design flow	\$175.00
1,001 gallons to 2,000 gallons above expected design flow	\$200.00
Over 2,000 gallons above expected design flow	\$200.00/1,000 gallons

If the water meter readings exceed the design flow for any three consecutive months, the monthly charge will be revised to reflect the increased usage. The customer will pay capital costs associated with increasing the capacity of the system.

The monthly commercial rate, with food service, will be based on the design flow expected from the type of establishment being served. A minimum of one hundred dollars (\$100.00) per month will be charged for the first 300 gallons per day design flow expected (except off-site will have a ninety-four dollar (\$94.00) minimum plus pass through costs). For each additional 100 gallons per day of design flow expected, up to 1,000 gallons per day, an additional charge of eighteen dollars (\$18.00) per month per 100 gallons will be applied. For design flows expected over 1,000 gallons per day, up to 3,000 gallons per day, the following monthly charges per 1,000 gallons of daily flow will apply:

<u>Treatment</u>	<u>Drip/Spray Irrigation</u>	<u>Point Discharge</u>	<u>Off Site</u>
Sand-Gravel Filter	\$170.00	\$192.00	N/A
Lagoon	\$142.00	\$163.00	N/A
Off Site	N/A	N/A	Pass-Through Costs+\$94.00

For design daily flows over 3,000 gallons, the monthly charge on all system configurations will be one hundred forty-two dollars (\$142.00) per 1,000 gallons of daily flow. Additional surcharges will apply when expected design flows are exceeded. For any month that a customer's water meter reading exceeds the expected design flow, the following surcharges will apply:

Excess water usage

Surcharge

1 gallon to 1,000 gallons above expected design flow	\$210.00
1,001 gallons to 2,000 gallons above expected design flow	\$220.00
Over 2,000 gallons above expected design flow	\$220.00/1,000 gallons

If the water meter readings exceed the design flow for any three consecutive months, the monthly charge will be revised to reflect the increased usage. The customer will pay capital costs associated with increasing the capacity of the system.

Other commercial fees include a five percent (5%) fee for non-payment, a disconnection fee of ten dollars (\$10.00), a reconnection fee of fifteen dollars (\$15.00) and a returned check fee of twenty dollars (\$20.00).

The July 11, 2005 Hearing

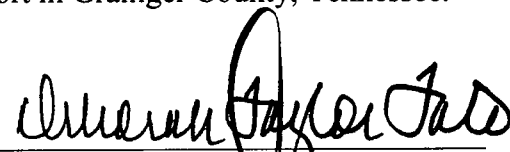
Pursuant to Tenn. Code Ann. § 65-4-201(a), public notice of the Hearing in this matter was issued by the Hearing Officer on June 16, 2005. No person sought intervention prior to or during the Authority Conference. At the Authority Conference held on July 11, 2005, Mr Charles Pickney, President of TWS, participated, presented testimony and was subject to examination by the panel. Mr. Pickney moved to have his Pre-Filed Testimony entered into the record in this matter at the Authority Conference. The Pre-Filed Testimony states that the Company has the managerial, technical and financial ability to provide wastewater services to German Creek Marina and Resort.⁵ Additionally, the panel took administrative notice of TWS's 2004 annual report filed with the Authority. At the time of the Authority Conference, TWS had not yet received a state operating permit from the Tennessee Department of Environment and Conservation ("TDEC") for the system.

⁵ Charles Pickney, Jr , Pre-Filed Testimony, p 1 (May 25, 2005)

Upon the presentation of the Company's proof, the evidentiary record as a whole and in light of the legal standard set forth in Tenn. Code Ann. § 65-4-201(a), the panel voted unanimously to grant approval of the *Petition* subject to receipt of a final approved permit from TDEC evidencing its approval of the Company's application to provide service to German Creek Marina and Resort. The panel also ordered that TWS notify the Authority in writing at the time it receives an operating permit from TDEC for German Creek Marina and Resort.

IT IS THEREFORE ORDERED THAT:

1. The *Petition of Tennessee Wastewater Systems, Inc. to Amend its Certificate of Convenience and Necessity* to expand its service area to include German Creek Marina and Resort in Grainger County, Tennessee, as shown in the map attached to the *Petition* is approved subject to receipt of a final approved permit from the Tennessee Department of Environment and Conservation.
2. The Petitioner's rates for wastewater service shall be as listed in the rate schedules filed with the *Petition* and as set forth in this Order.
3. Tennessee Wastewater Systems, Inc. shall provide written notification to the Authority once it has received a final approved permit evidencing the Tennessee Department of Environment and Conservation's approval of Tennessee Wastewater Systems, Inc.'s application to provide service to German Creek Marina and Resort in Grainger County, Tennessee.


Deborah Taylor Tate, Director


Pat Miller, Director


Sara Kyle, Director